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# ON TAP

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## ***COMMUNITY FACILITIES DISTRICTS***

Trabuco Canyon Water District (TCWD) would like to take this opportunity to provide general information regarding the Community Facilities (CFDs) Districts within TCWD's boundaries.

In the 1980s and 1990s, four CFDs were formed pursuant to the provisions of the Mello-Roos Community Facilities Act of 1982 (Act). The Act was enacted by the California Legislature to provide an alternative method of financing essential public capital facilities and services, especially in developing areas of the State. Any public agency may establish a CFD to provide and finance the cost of eligible public facilities and services. The governing board of the local agency (TCWD's Board of Directors) acts as the legislative body.

The CFDs were established by TCWD, at developers' requests, prior to homes being built, and by vote of effected landowners, to finance water and sewer infrastructure and road improvements to benefit specific areas within TCWD's boundaries.

The District's CFDs are identified as CFD No. 2 (Portola Hills), CFD No. 5 (Robinson Ranch/Trabuco Highlands), CFD No. 7 (Dove Canyon), and CFD No. 8 (Rancho Cielo).

In an effort to save money for the tax payers within the boundaries of TCWD, all of the existing special tax bonds of the CFDs were refinanced in 1994, for more favorable finance rates. Part of the conditions of this refinance precluded any future refinancing.

TCWD acted as the lead governmental agency on behalf of both the District and the County of Orange for the formation of these CFDs. Funds (known as construction proceeds) generated by each of the CFDs were used to fund water and wastewater facilities and roadway improvements in specific areas. Water facilities include:

- Transmission and distribution lines
- Reservoirs
- Appurtenant structures

Wastewater facilities include:

- Acquisition of sewer capacity
- Expansion of the wastewater treatment plant to accommodate residential growth
- Construction of force mains, trunk sewers and sewer lift stations

Roadway improvements include:

- Road facilities were designed, constructed and improved under the County's FCPP Program in the foothill areas. The total FCPP program was expected to cost \$235,000,000 in 1987 dollars. TCWD's CFDs were there at the right time to save taxpayers the "soft costs" of a separate bond issue that would have been issued by the County. Only the bonds issued within the Trabuco Highlands and Dove Canyon developments include road fees.

Each year TCWD works in conjunction with a financial firm specializing in setting tax levies. TCWD establishes the amount necessary to pay the principal, interest, and administrative costs (less interest earned from the previous year) for each CFD. The financial firm researches the County tax roll to determine the owner of record for the tax year. Following collection of taxes, the County forwards payments to TCWD; TCWD then pays the debt services semi-annually. It is important to note the CFDs are annually audited by an independent auditing firm.

Common questions asked by TCWD's customers include:

*When will the special tax levy end?* All of the bonds issued by the CFDs mature in the tax year 2014/15.

*Will the special taxes continue beyond that date?* No. All of the construction proceeds were expended over 15 years ago, and the debt service will be paid in full.

*Does the fluctuating real estate market and value assessed by the County of Orange affect the special tax levies?* No. The method of apportioning the levies is based either on the lot size or the square footage of a residence and does not fluctuate with the real estate market.

*Can a special levy be paid in full at this time?* The answer is no. Based on previous legislation governing the bond issues, the ability to pay the total levy was not included as part of the initial bond documents. However, when the CFDs were refinanced in 1994 through Marks-Roos funding, the annual costs were reduced by an average of \$300,000 over the life of the bonds. A condition of this refinancing precluded further refinancing of the bonds.

We hope this information is beneficial to you when you review your tax bill. If you wish more detailed information, please contact Sharon Smith at (949) 858-0277.

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The Regular Board Meeting is held on the third Wednesday of each month at 7:00 p.m. at the District office located at 32003 Dove Canyon Drive, Trabuco Canyon. The public is encouraged to attend.

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### ***BOARD HIGHLIGHTS***

- ◇ January 17, 2007 – Adopted the Treasurer's Annual Statement of Investment Policy.
- ◇ Entered into an agreement with Santa Margarita Water District regarding the collection and distribution of water runoff.
- ◇ Received information relating to the Baker Regional Treatment Facility Feasibility Study.
- ◇ Determined to support the South Orange County Wastewater Authority's discharge permit amendment to the San Diego Regional Water Control Board.
- ◇ Approved the Weather Based Irrigation Timer Rebate Program (Smart Timer).
- ◇ Approved a Memorandum of Understanding Concerning the Supply of Irrigation Water within Tract No. 12365.

*ON TAP* is published and distributed by TCWD. We welcome your comments, suggestions and questions. Please call or write Sharon E. Smith, Editor

TCWD's *ON-TAP*

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